December	73,267,794,917.58
November	25,690,033,589.51
October	19,373,192,333.69
Fiscal Year Total	361,997,734,302.36
Available Historical Data—Fiscal Year End	
2000	361,997,734,302.36
1999	353,511,471,722.87
1998	363,823,722,920.26
1997	355,795,834,214.66
1996	343,955,076,695.15
1995	332,413,555,030.62
1994	296,277,764,246.26
1993	292,502,219,848.25
1992	292,361,073,070.74
1991	286,021,921,181.04
1990	264,852,544,615.90
1989	240,863,231,535.71

Mr. HOLLINGS. Mr. President, you can see the interest cost of $361,997,734,302.36, and on down the list.

At $1 billion a day—I will never forget the comments made by the distinguished majority leader at the time President Clinton was making his address to the joint session of Congress at the beginning of the year. He said that gentleman is costing us $1 billion a minute. The President talked for 90 minutes. Governor Bush wants to cut taxes some $90 billion. So the two of them—the Bush program and the Clinton program—are $180 billion. We are spending $362 billion on interest costs alone.

That leaves $182 billion that you can use to increase research for cancer, increase defense—defense is stretched now—and everything else.

The point is we are spending a fortune on absolutely nothing. With the profligacy of these past Congresses, the lack of awareness of the American people, and the media's failure to deliver the truth to the American public, I wanted the record to be cleared.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, do I understand I have a half hour?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. Thank you, Senator HOLLINGS, for your kind remarks. I don't agree with your theory or your conclusions, but I appreciate working with you over the years. Your dedication to getting the debt under control has not gone unnoticed over the years. We had an unusual recovery with huge amounts of new taxes coming in that neither you or I expected. Society has changed, no doubt about that.

ODD GIFT OF BONDS

Mr. DOMENICI. Mr. President, today I will speak about Vice President GORE's lack of a Social Security policy. I will entitle my premise today ''Odd Gift of Bonds.''

Let me start by saying I found it interesting that just 2 days ago the Treasury Secretary—that is, Secretary Summers—took time out of his busy schedule to speak with reporters and go on the talk show circuit to comment on Governor Bush's Social Security proposal. Some of Secretary Summer's conclusions appeared on the front page of the Washington Post yesterday. The title was ''Cabinet Opens Up On Bush.'' ''Treasury Secretary says Social Security Math Doesn't Add Up.''

I hope when I am finished some people will take a look at the Vice President's so-called Social Security plan, and maybe they will conclude, as I have, that the math does add up, but it doesn't do a thing for Social Security long term. Nothing. Zero.

It should be noted, at least while I have been here, that traditionally, Secretaries of the Treasury do not get themselves involved in political campaigns, and for good reason. Indeed, former Secretary Bob Rubin, also an appointee of this administration, stayed out of the campaign in 1996. But apparently Secretary Summers had enough time to give interviews; but he didn't have enough time to offer any real evidence to back up his stated claims. None. No evidence. In fact, I'm quite sure that the Secretary of the Treasury is grading a fictional Bush plan so that he can join with the Vice President and many other Democrats in orchestrating a campaign to scare senior citizens, as they have done regularly in past campaigns.

Also, I find it interesting that the Washington Post reporter—whom I know—who wrote this story, didn't come to any Member or anyone who has tried to understand the Gore Social Security plan to ask for some comments about it and whether it does anything at all for Social Security.

So today I will take a few minutes to explain the Clinton-Gore Social Security plan, and then the Gore plan, which is slightly different than the Clinton-Gore plan, which is really not a plan at all but an illusion of a plan. It is not a plan. It is an illusion of a plan.

President Clinton initially proposed a version of this plan in January of 1999. It was never taken seriously then or now. And for good reason. I can remember it was very difficult to get a Democrat to offer the President's plan, including the so-called Social Security fix in the budget hearings, in the Budget Committee, and surely there were never more than a few Senators whom I believe in clear partisan dedication who supported this odd gift of bonds to the Social Security trust fund.

This so-called plan, the one that President Clinton sent us in 1999, is strictly a political exercise intended to create the perception that the President and Vice President have met their commitment to ''save Social Security first,'' as they state it, when, in fact, they have no such plan, and the Social Security long-term problems remain absolutely unresolved.

In fact, as Governor Bush has said, for 8 years the Clinton-Gore administration has promised to save Social Security, and yet, under the Clinton-Gore administration, the present value of the Social Security deficits have already increased 60 percent during that 8 years of doing nothing, according to the Social Security actuaries. That's roughly $28,000 per household. That is the amount that it has gone up. Perhaps Secretary Summers, as the managing trustee of Social Security, should be asked why he has allowed that to happen. It has happened because we have not taken steps to reform or fix Social Security.

Now I will talk about the $40 trillion IOU plan. What does the Clinton-Gore plan do? Beginning in the year 2011, and continuing through 2050, they transfer IOUs from the general fund of the government to the Social Security trust fund. I will soon introduce a letter from the Congressional Budget Office that says over that period of time from 2011 to 2050 the total accumulated costs of both interest and IOUs—get this—will be $40 trillion. That means for that plan to make sense somehow, some way, some time, during 2011 and 2050, they will have to ask the American people to do one of three things:

No. 1, increase taxes by $40 trillion over that period of time. Why? To pay off the IOUs which are soon going to be needed by the Social Security recipients of our country.

No. 2, restrain and restrict the programs of our Federal Government over that period of time; that is, discipline our programs so we will save $40 trillion and put it against the IOUs—a mammoth expectation without any probability of occurring.

Or we can do some of the two of them.

Or we can just say we will do it all by cutting programs of ordinary people that are going on day by day.

Nonetheless, these estimates will indicate that we will have to do something in the future to raise large amounts of money that are not currently within the Social Security actuarial expectations from the payroll tax. It will have to come from somewhere. Is that a plan to fix Social Security? I ask anyone if that is a plan? It is not a plan. It won't work. It has been more or less unacceptable to Congress for the 2½ years that it has been lounging around someplace, for somebody to consider.

The estimate I am talking about comes from the Social Security actuaries who estimated the initial amount of general fund transfers to be $9.9 trillion.

We then asked the Congressional Budget Office to calculate for us how much additional interest would be paid to the trust fund, based on these transfers. CBO, the Congressional Budget Office, using the actuaries' numbers, estimated that the interest payments would add $30 trillion to the general fund transfers to the trust fund. In total, then, that is $40 trillion in IOUs by 2050.

For those who might have a little difficulty with IOUs, let me just say, think of it as a postdated check. The check is there and it is valuable because it has a signature on it: USA. But it is dated 2050. Then when you say: OK, the check is good, pay me—we will, as a nation, have to come up with $40 trillion.

When the President initially made this proposal, he—that is President Clinton—he at least proposed one real provision that would have changed Social Security's long-term financing. The President proposed to set up a new Government-run board that would invest up to 15 percent of the Social Security trust fund in the stock market and private bonds. President Bill Clinton recommended that. But it would be run by the Government and the Government would be involved in huge numbers and huge dollar values of the stock of the American stock exchanges and of companies of America.

There was a resounding opposition to using a Government board to invest Social Security money in the stock market because it would become political. It would become a board that might not want to invest in this because of public opinion, or that, because the particular corporation causes obesity by selling hamburgers, that is not the right thing so you would not invest in that particular stock.

The Federal Reserve Board Chairman said, to that piece of the President's plan: Too much Government involvement in the private economy.

So the Vice President has said he does not support that portion of President Clinton's plan. So what he has left is a plan with no investment and $40 trillion will accumulate, by the year 2050, which we will have to pay from somewhere.

If you ask, Has he helped anything in his plan? Well, I ask you. He also, I think, makes matters a little worse by proposing two new unfunded benefit expansions that will cost between $100 and $180 billion over 10 years, which just adds to the numbers we have been talking about because we have expanded Social Security without the wherewithal to pay it after 2011.

To show you the lack of seriousness of this IOU proposal, the Gore plan does not start transferring funds to Social Security until 2011, well beyond any two terms that he might serve, and five Congresses from now. What he is really saying is he wants the economy of this country to commit $40 trillion in general funds on the promise that we will impose fiscal discipline on 10 future Presidential terms and 20 Congresses. But he will not transfer a penny to Social Security until 2011.

Who is going to pay these IOUs off? Our children and our grandchildren. They will be saddled with all the debt and they will be forced to pay these IOUs back—in the form of higher taxes or through the other suggestions that are possibilities that are talked about.

In March of 1999, Senator BOB KERREY said, this plan "has a great deal of pain in [the] plan—a hidden pain in the form of income tax increases that will be borne by future generations of Americans."

That is by BOB KERREY, Democrat from Nebraska. I could not agree more.

What is more, the President's own budget for 2000 agreed with Senator KERREY:

> These [trust fund] balances . . . are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, through borrowing from the public, or reducing the benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, have any impact on the Government's ability to pay the benefits.

An odd gift of bonds—which is the full extent, that I can find, of the plan the Vice President has put forth. I can find very few economists who believe these transfers to Social Security are a good idea and they will fix Social Security.

In fact, Ed Gramlich, whom this President recently appointed to the Federal Reserve Board, headed a commission for the President on Social Security. This is what he said:

> During the deliberations of the 1994–1996 Social Security Advisory Commission, we considered whether general revenues should be used to help shore up the Social Security program. This idea was unanimously rejected for a number of reasons . . . there are serious drawbacks to relaxing Social Security's long-run budget constraint through general revenue transfers.

Alan Blinder, GORE's economic adviser, said, in 1999, that the administration should drop the "gift of bonds."

It is from his quote that I named this assessment. He said that the administration should drop the "gift of bonds."

This is what he said, that is Blinder, at a Ways and Means Committee hearing in 1999.

> It amounts to a pledge to provide that much more money for Social Security in the future—somehow. But it does not specify the sources. Thus, by itself, it does not fill any of the funding gap. . . . There is a simpler and more intuitively appealing plan which, had the President proposed it, would, I believe, have generated less confusion and raised fewer objections. That would be to dedicate the [Social Security surpluses] over the next 15 years to debt reduction, and therefore to national saving—and to forget about the new gift of bonds and odd scorekeeping rules.

Meaning that you have to invent some way to score this in a budget way or to make sense.

The Clinton-Gore plan is not really a plan at all. It is a political proposal to confuse the debate and absolve him from the responsibility to offer a real plan to save Social Security.

Mr. President, I ask unanimous consent the article by Glenn Kessler regarding the Secretary of Treasury's assessment be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 25, 2000]

CABINET OPENS UP ON BUSH

TREASURY SECRETARY SAYS SOCIAL SECURITY MATH DOESN'T ADD UP

(By Glenn Kessler)

Treasury Secretary Lawrence H. Summers offered a detailed critique of Texas Gov. George W. Bush's Social Security plan yesterday, wading into a political fight usually shunned by his predecessors and creating an unusual chorus of criticism of the GOP presidential nominee by senior Cabinet officials.

In an interview, Summers said that Bush's comments on Social Security "reveal a fundamental misunderstanding of the system." The Bush plan to divert a portion of payroll taxes to help establish individual accounts for young workers, he added, well require either "large cuts" in guaranteed benefits or an infusion of billions of dollars in new revenue.

But Summers—an economist who also serves as managing trustee of Social Security and conducted academic work on funding the system before he entered government—said there is no way money collected now can also pay current benefits if it is channeled into investment accounts.

"It is an arithmetic challenge that cannot be met," Summers said, asserting that under the Bush plan the Social Security trust fund would be fully depleted when someone who is now 42 retires.

Summers' remarks come as the Gore campaign and the Democratic National Committee are pounding battleground states with advertisements and recorded phone calls that echo the themes outlined by Summers—that Bush's math on Social Security doesn't add up and that the Republican is bound to break promises to either senior citizens or young workers.

While Summers is a key behind-the-scenes economic adviser to Vice President Gore, the Treasury Secretary, the Secretary of State, the Defense Secretary and the Attorney General are generally the Cabinet officials who try to remain aloof from politics in presidential elections.

Yet, over the weekend, Secretary of State Madeleine K. Albright also departed from that tradition, taking the unusual step of denouncing Bush's proposal to withdraw U.S. ground forces from the Balkans as risky and misguided and possibly leading to the dissolution of NATO.

"This is a very inappropriate continuing pattern of the politicization of the most sensitive Cabinet agencies, State and Treasury," said Bush spokesman Ari Fleischer. "In the waning days of the Clinton era, perhaps it was too much to hope that the historically nonpolitical agencies could remain about the fray."

As Treasury secretary four years ago, Robert E. Ruben would only obliquely make observations about the economic proposals offered by Republican presidential candidate Robert J. Dole, usually in response to questions and then mostly to defend administration policy. Nicholas Brady, Treasury secretary in 1988 under President Ronald Reagan and in 1992 under Bush's father, President George Bush, said yesterday that Summers' comments were "totally inappropriate."

"I don't think it's his business to be commenting on Governor Bush's proposal on Social Security," Brady said.

Allen Sinai, chief executive of Primark Decision Economics, agreed that the critique was unusual but said it was appropriate, given Summers' background. "We happened to have the coincidence of having a Treasury secretary who is also the finest economist of our generation," Sinai said. "Who's to say what's fair or not fair?"

Treasury officials made much the same case, saying Summers' comments were justified because he is the managing trustee of Social Security and had been considered an expert in the field when he was in academia.

Summers also took issue with Bush's claim that he would be able to build up $3 trillion in these new private accounts while also eliminating the national debt by 2016. Gore has set a goal of eliminating the debt by 2012.

''Without dedicating Social Security surpluses to debt reduction rather than to new private accounts, it appears to me that on any realistic basis it is impossible to eliminate the debt any time in the next 20 years without using nearly the entire budget surplus, which is clearly precluded by their large tax cuts,'' Summers said.

Under the Bush plan, about $1.9 trillion would be transferred from the Social Security surplus to the private accounts by 2016, which the campaign says would grow to $3 trillion, assuming a 5.5 percent return and moderate inflation. But that money could not also be used to pay down the debt.

Fleischer insisted the Bush plan will pay down the entire national debt by 2016.

Summers began making the case against Bush's Social Security plan in a little-noticed address before the Conference Board in New York last week. In that speech, he said that diverting two percentage points of the payroll tax—about 15 percent—a year ''would lead to an excess of benefits over tax revenues by 2005, and the total exhaustion of the trust fund in the early 2020s.''

Yesterday, Summers expounded on that theme and also targeted Bush's contention in his first debate with Gore that ''I want to get a better rate of return for your own money than the paltry 2 percent that the current Social Security trust gets today.''

Summers said that reflected a ''fundamental misunderstanding'' because payroll taxes are used to provide benefits for retirees, the disabled and survivors, and thus can't be invested. ''Comparing rates of return is just not a legitimate argument,'' Summers said.

Mr. DOMENICI. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 11 minutes.

Mr. DOMENICI. Mr. President, I ask unanimous consent to have printed in the RECORD a letter which I sent on October 6 to Dan L. Crippen—he is the Congressional Budget Office Director. I asked him the following:

I am attaching a June 26, 2000 memorandum from the SSA [the Social Security people] actuaries which gives the exact size of these annual transfers. Their data shows that $9.8 trillion in cumulative annual transfers will have been made by 2050 under the Administration's proposal. I would like CBO to estimate what the cumulative interest on these transfers would be in the years specified in the attached table. Secondly, could you tell me the total amount of IOUs that will be deposited into the [Social Security] trust fund as a result of the cumulative transfers plus the cumulative interest on these transfers in each of the specified years.

I ask unanimous consent that letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, DC, October 6, 2000.

DAN L. CRIPPEN,
Director, Congressional Budget Office, Washington, DC.

DEAR DR. CRIPPEN: The Administration's Mid-Session Review on the Budget for Fiscal Year 2001 contains a proposal related to Social Security trust fund reserves.

Specifically, the Administration proposes to begin transferring general revenues to the Social Security trust fund in 2011 and continuing to 2050. These general revenue transfers will add to the trust fund balances (in the form of Treasury IOUs) and will generate additional interest income (in the form of Treasury IOUs) for the trust fund as well.

I am attaching a June 26, 2000 memorandum from the SSA actuaries which gives the exact size of these annual transfers. Their data shows that $9.8 trillion in cumulative annual transfers will have been made by 2050 under the Administration's proposal. I would like CBO to estimate what the cumulative interest on these transfers would be in the years specified in the attached table. Secondly, could you tell me the total amount of IOUs that will be deposited into the SS trust fund as a result of the cumulative transfers plus the cumulative interest on these transfers in each of the specified years.

Thank you for your prompt consideration of this request.

Sincerely,

PETE V. DOMENICI,
Chairman.

[$ trillion]

Year	Cumulative transfers (IOUs)	Cumulative interest on transfers (IOUs)	Cumulative transfers + interest on transfers (IOUs)
2015	859.6		
2020	2144.6		
2025	3429.6		
2030	4714.6		
2035	5999.6		
2040	7284.6		
2045	8569.6		
2050	9854.6		

Mr. DOMENICI. I ask unanimous consent the June 26, 2000, memorandum to Social Security chief actuary Harry C. Ballantyne, on long-range OASDI financial effects of the President's proposal for strengthening Social Security, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY ADMINISTRATION
MEMORANDUM, JUNE 26, 2000

To: Harry C. Ballantyne, Chief Actuary
From: Stephen C. Goss, Deputy Chief Actuary
Subject: Long-Range OASDI Financial Effects of the President's Proposal for Strengthening Social Security—Information

This memorandum provides estimates of the financial effects of the proposal presented in the President's Mid-Session Review of the Fiscal Year 2001 Budget on June 20, 2000. This proposal would require that transfers be made from the General Fund of the Treasury of the United States to the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) trust funds for each fiscal year 2011 through 2050. In addition, the President proposes that a portion of the transfers would be invested in corporate equities (stock), up to a limited portion of the total assets of the trust funds.

If transfers were invested only in special interest-bearing obligations (special issues) of the United States Treasury, the date of exhaustion of the combined OASI and DI trust funds would be extended by an estimated 20 years, from 2037 under present law to 2057 under the proposal. The estimated size of the long-range actuarial deficit would be reduced from 1.89 percent of effective taxable payroll under present law to 0.86 percent of payroll under the proposal. All estimates reflect the intermediate assumptions of the 2000 Trustees Report, adjusted to reflect the recent enactment of the retirement earnings test beginning in the year 2000 for persons who have attained their normal retirement age.

In addition to the transfers, the President proposes that up to 15 percent of trust fund assets would eventually be invested in stock. With both the transfers and the investment in stock, the date of exhaustion of the combined OASI and DI trust funds would be extended by an estimated 26 years, from 2037 under present law to 2063 under the proposal. The estimated size of the long-range actuarial deficit would be reduced from 1.89 percent of effective taxable payroll under present law to 0.48 percent of payroll under the proposal. (Due to interaction among provisions, a complete elimination of the actuarial deficit would require additional OASDI changes that would reduce the present law deficit by up to about 0.75 percent of taxable payroll.) These estimates are based on the intermediate assumptions of the 2000 Trustees Report (adjusted for elimination of the earnings test at the normal retirement age) and other assumptions described below.

The amount of transfer for each year would be based on a calculation of the increase in the combined OASI and DI trust fund assets that would have occurred during fiscal years 2001 through 2015 if all trust-fund assets had been invested in obligations of the United States Treasury. However, actual transfer amounts would be limited to dollar amounts specified in the law, based on projected on-budget surpluses in the President's Mid-Session Review of the FY 2001 Budget.

Base transfer amounts are intended to be equal to the amount by which interest on publicly-held Federal debt would be lower as a result of the OASDI ''surplus'' during fiscal years 2001 through 2015 than if there had been no such surplus, assuming that all transfers had been invested solely in special issues of the Treasury.

Beginning in the year 2011, 50 percent of the amount transferred would be used to purchase stock and 50 percent would be used to purchase special issues of the Treasury. All dividends would be reinvested in stock. This procedure would continue until the market value of all stock held by the OASDI trust funds reaches 15 percent of total OASDI trust fund assets. Thereafter, the percentage of total trust fund assets that is held in stock would be maintained at 15 percent by buying and selling stock as necessary.

Stock investments would be managed by the private sector. Stock investments would be required to reflect the composition of all publicly-traded stock in the United States (for example, the composition of the Wilshire 5000 index).

TRANSFER AMOUNTS FROM THE GENERAL FUND OF THE TREASURY TO THE OASI AND DI TRUST FUNDS

The proposal would provide for transfers in each fiscal year 2011 through 2050 with the amount based on the following procedure:

(1) A base amount would be computed for each fiscal year 2011 through 2016 equal to:

(a) the calculated increase in the amount of assets in the combined OASI and DI trust funds that would have occurred from September 30, 2000 to the September 30 immediately prior to the start of the fiscal year, if all assets had been invested only in special issues of the Treasury, multiplied by,

(b) an interest rate based on the average market yield on all marketable interest-bearing obligations of the United States forming a part of the publicly-held debt in the month prior to the fiscal year.

(2) The actual transfer amount for each fiscal year 2011 through 2016 would be equal to the base transfer amount for the year, subject to a dollar-specified limit in the law. This limit, computed by the Office of Management and Budget, represents the amount

of on-budget surplus that was projected to be available for transfers to the OASDI trust funds under the assumptions and policy of the President's Mid-Session Review of the FY 2001 Budget.

(3) The actual transfer amount for fiscal years 2017 through 2050 would be equal to the actual transfer amount computer for fiscal year 2016.

Under (1)(b), calculation of the interest rate would be based on yields on corporate bonds if there is no publicly-held debt. In this case, the interest rate would be based on the current market yield of investment-grade corporate obligations, less an adjustment to account for the estimated difference between yields of such corporate obligations and ''obligations of comparable maturities issued by risk-free government issuers selected by the Secretary of the Treasury.''

ESTIMATED TRANSFER AMOUNTS AND LIMITS UNDER THE PROPOSAL

[Billions of current dollars]

Fiscal year	Estimated base amount [1]	Dollar-specified limit [2]	Estimated transfer amount
2011	$122.4	$123	$122.4
2012	145.0	147	145.0
2013	169.8	172	169.8
2014	196.7	200	196.7
2015	225.7	230	225.7
2016 and later	257.0	263	257.0

[1] Based on the intermediate assumptions of the 2000 Trustees Report (adjusted for elimination of the earnings test at the normal retirement age).

[2] Specified in law, computed by the Office of Management and Budget based on the President's Mid-Session Review of the FY 2001 Budget.

It should be noted that the ''base'' amounts that would be computed for transfers in years 2011 through 2016 may be higher or lower than the estimates provided above based on the intermediate assumptions of the 2000 Trustees Report. For example, if price inflation (increase in the CPI) turns out to be higher or lower than assumed by the Trustees between now and 2015, with real rates of growth as currently assumed, the based transfer amounts could differ substantially.

If inflation is lower than expected through 2015, making base amounts computed in years 2011 through 2016 lower than those estimated above, the dollar-specified limits on transfers would not affect these base amounts in the determination of actual transfers. However, if inflation is higher than expected through 2015, making base amounts computed in years 2011 through 2016 higher than those estimated above, the dollar-specified limits on transfers would reduce the actual transfer amounts to levels below the base amounts.

OASDI TRUST FUND ASSETS IN STOCK

The 1994–96 Advisory Council on Social Security requested estimates assuming that the total annual real yield on stock investments would ultimately average about 7 percent, approximately the average (geometric mean) total yield on stocks since 1900 (or since 1926). Total yield includes dividends as well as capital gains. Estimates for this proposal are based on this assumption. (See section below for analysis of the sensitivity of the estimates to variation in the assumed real yield on stock.)

The 4-percentage-point difference between this assumed ultimate real stock yield and the Trustees' 3.0-percent assumed ultimate real yield on government bonds held by the trust funds (the equity premium) is assumed to be maintained, on average, throughout the 75-year projection period.

The table below provides the estimated percentage of OASDI trust fund assets that would be held in stock at the end of each calendar year 2010–17. The stock holdings are estimated to reach the level of 15 percent of total trust fund assets by the end of 2017, after which point this percentage would be maintained under the proposal.

PERCENT OF OASDI TRUST FUND ASSETS IN STOCK, END OF YEAR

Year	Percent
2010	0.5
2011	2.4
2012	4.4
2013	6.6
2014	8.9
2015	11.4
2016	13.8
2017	15.0

The portion of the total value of publicly-traded stock in the United States that is held by the OASDI trust funds will depend not only on the yield achieved in the market, but also on the rate of growth in the total market value of all stock. The total value of stock represented in the Wilshire 5000 index (a fair representation of all publicly-traded stock in the United States) was $9.3 trillion at the beginning of 1998.

Assuming that the total market value of publicly-traded stock will rise on average by the rate of growth in GDP after 1998, the trust funds would be expected to hold about 3.7 percent of the total market value, on average, over the 30-year period 2011 through 2040.

AVERAGE PERCENTAGE OF TOTAL STOCK MARKET VALUE HELD BY OASDI

Years	Percent
2011–20	2.3
2011–30	3.5
2011–40	3.7
2011–50	3.6

SENSITIVITY TO ASSUMED REAL YIELD ON STOCK

Due to the current, historically-high, level of stock prices relative to corporate earnings, many analysts expect that the total real yield on stock will average less than 7 percent over the next 75 years. For example, the 1999 Technical Panel appointed by the Social Security Advisory Board recommended the assumption that the ultimate real yield on stock would exceed the real yield on government bonds held by the trust funds by 3 percentage points, on average, over the next 75 years. In the context of the intermediate assumptions of the 2000 Trustees Report, this would imply a long-run average total real yield on stock of 6 percent (3 percentage points above the Trustees' assumption of an average 3-percent real yield on government obligations held by the trust funds).

Assuming a 6-percent average total real yield on stock over the long-range (75-year) period, the estimated year of trust fund exhaustion would be extended by 25 years, from 2037 to 2062 (one year sooner than with an assumed 7 percent real stock yield). The estimated long-range OASDI actuarial deficit would be reduced from 1.89 to 0.57 percent of taxable payroll (0.09 percent of payroll higher than with an assumed 7 percent real stock yield).

STEPHEN C. GOSS.

Mr. DOMENICI. This is the response to my letter, dated October 18, which has an attachment to it. I will read a paragraph.

Although the transfers (and the interest earned on them) would improve the apparent solvency of the trust fund, they would increase the liabilities in the rest of the budget at the same time.

That is what I have been saying.

As a result, the proposed transfers would have no impact on the Government's net indebtedness, nor would they directly enhance Government's ability to meet promises to future retirees. Indeed, the Government's revenues and expenditures would be the same regardless of whether the transfers were made.

I ask unanimous consent that Dan Crippen's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 18, 2000.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In your letter of October 6, you asked the Congressional Budget Office (CBO) to use data you provided from the Social Security actuaries to estimate the size of the cumulative impact, including interest, of the President's proposal to make transfers from the general fund of the Treasury to the Social Security trust funds.

Although the transfers (and the interest earned on them) would improve the apparent solvency of the trust funds, they would increase the liabilities in the rest of the budget at the same time. As a result, the proposed transfers would have no impact on the government's net indebtedness, not would they directly enhance the government's ability to meet its promises to future retirees. Indeed, the government's revenues and expenditures would be the same regardless of whether the transfers were made. Ultimately, the government's ability to pay for future commitments, whether they are Social Security benefits or some other payments, depends on the total financial resources of the economy—not on the balances in the trust funds.

As you requested, CBO prepared its estimates using information about the proposal and the size of the transfers from a June 26, 2000, memorandum issued by the actuaries of the Social Security Administration. For its estimates, CBO used the actuaries' assumptions about interest rates from the 2000 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds and assumed that the transfers would be made in the middle of the fiscal year. The estimates using these data are listed in the enclosed table. CBO has not evaluated the actuaries' assumptions.

Pleae feel free to call me if you have any questions, or have your staff contact Douglas Hamilton at 202–226–2770.

Sincerely,

DAN L. CRIPPEN,
Director.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the attached table be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EFFECTS OF PRESIDENT'S PROPOSED TRANSFERS FROM THE GENERAL FUND TO THE SOCIAL SECURITY TRUST FUNDS ON THE CUMULATIVE INTEREST PAID TO THE SOCIAL SECURITY TRUST FUNDS

[In trillions of dollars]

	2010	2015	2020	2025	2030	2035	2040	2045	2050
Cumulative Transfers	0	0.9	2.1	3.4	4.7	6.0	7.3	8.6	9.9
Cumulative Interest on Transfers	0	0.1	0.7	1.9	4.1	7.4	12.4	19.7	30.0
Total	0	1.0	2.8	5.3	8.8	13.4	19.7	28.3	39.9

Source: Completed using data from the actuaries of the Social Security Administration.

Note: Numbers may not add up to totals because of rounding.

Mr. DOMENICI. Mr. President, I will tell the Senate what it says. It is attached to CBO's letter, and it goes 2010, 2015, 2020, right up to 2050, and it has the cumulative IOU transfers that were put in and then the cumulative interest on the transfers.

I was shocked—maybe I should not have been; it is almost automatic, it is almost arithmetic—but the total of the cumulative interest on the IOUs and the cumulative transfers amount to $40 trillion by the year 2050. That is the IOU that we give to the American people. They will have to pay it in order to keep Social Security solvent, but nobody is being told that. They are being told we have fixed the plan for *x* number of years from now.

LET'S GET IT RIGHT

Mr. DOMENICI. Mr. President, I want to take a few moments on two other subjects. First, the Vice President of the United States continues to tell the American people that he has been a master at reorganizing our Government and making it efficient, and that a very large number of employees have been cut from the payroll of the U.S. Government due to this effort.

I want to print in the RECORD a chart from the Office of Management and Budget—their own—the total executive branch civilian full-time equivalent employees during this period of time that they claim they reduced the workforce.

All I want to say is one thing: It did not take much to do this because 96 percent, a larger number than I thought, 96 percent of the employee reduction—that is the civilian full-time equivalent reduction—are military civilians who were taken off the payroll as we reduced the Defense Department of the United States; 96 percent. Four percent is the reduction in the nonmilitary civilian payroll of the United States.

Let's get it right, Mr. Vice President. Let's tell it right. There were no real reductions other than civilians who were laid off because we reduced the Defense Department. I want to be correct. I said there were none; 4 percent of reductions were from the rest of the civilian Government of the United States.

On the last item, let's get this one right. Mr. Vice President, you referred twice in debates to a program to give health insurance to kids. There is a program called CHIP which the U.S. Government gave money to each State so they could try to insure or bring into Medicaid or at least in some way cover more children.

The Vice President said to the Republican nominee: Texas has not done very well with that. Your program for covering children obviously indicates—I am paraphrasing—that you did not care about children's health.

What should have been said is that 40 States of the Union were unable to use their CHIP money. Would that not have been a fairer thing to say rather than say Texas? The State that has the largest amount of money under that program for children's health and cannot spend it, has not spent it to this date is the State of California. As a matter of fact, they had $591 million that they could not spend on children's health coverage because the program will not work. You cannot fit it into States. You cannot get it approved by the legislature. You cannot find the match, or whatever the reason.

Those 40 States, in addition to Texas, are California, Georgia, Washington, Minnesota—Minnesota had the highest percentage of that money left over because they could not spend it, 99 percent. New Mexico, my State, had 92. Arizona had 67 percent of their money.

Let's be fair. When you talk about children's health coverage and this Federal program, do not say Texas was unable to spend theirs. Let's say 40 States have been unable, so there must be some deficiency in the program, not in the States. All of those States are led in dollar numbers by the State of California which could not spend $591 million because the program is difficult to do and very difficult to effectuate the coverage of children.

It is widely recognized that this S-CHIP program began slowly because State legislatures and HCFA had to approve plans. Right now, we are busy trying to extend the plan for 2 more years for all States. That is because 40 of them have been unable to spend all of the money available.

I ask the Vice President: In all those States, including California because they have this huge balance they could not use, is the Governor there adverse to covering children and having more children involved in something like children's insurance or Medicaid or the like? I do not think so, nor do I think the Governor of Texas is because I believe when 40 States cannot do it, we ought to tell it like it is.

The next time you are talking about this, Mr. Vice President, you ought to say not Texas alone but California and 39 other States have been unable to use this CHIP money, this children's insurance money, for one reason or another. Texas is among the 40. They do not stand alone.

I ask unanimous consent that information that summarizes what I have said be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATE CHILDREN'S HEALTH INSURANCE PROGRAM

1. FEDERAL FUNDING AND REQUIREMENTS

As part of the 1997 Balanced Budget Act, Congress created the State Children's Health Insurance Program (S–CHIP).

The program provides allotments to States to expand health insurance coverage for children based on a formula that takes into consideration the number of low income children in the state with no health insurance coverage.

States must match the federal funding, but at a rate that is more favorable to the states than Medicaid.

States may use S–CHIP funds to: expand Medicaid, provide coverage outside of Medicaid as long as the program meets certain requirements, or some combination of the two.

The aggregate federal allotments for S–CHIP are as follows:

[Dollars in billions]

Year	Dollars
1998	4.3
1999	4.3
2000	4.3
2001	4.3
2002	3.2
98–02	20.3
98–07	39.7

2. LARGE ELIGIBLE BUT UNENROLLED POPULATION

Estimates indicate that there are 2 to 4 million children eligible but not enrolled in Medicaid and another 2 million or more who are eligible but not enrolled in S–CHIP.

Some families lack information; others wait to sign up for the program when they need to get health care.

As more working class families have become eligible, it is likely that many of them get health insurance sporadically through work, but most S–CHIP programs do not provide subsidies for employer-based coverage.

3. STATES WITH UNEXPENDED FY 1998 FUNDS

There are approximately 40 states that did not use their full FY 1998 allotment by the end of FY 2000.

32 states had no spending in FY 1998

6 states had no spending at all in FY 1998 and FY 1999.

[Dollars in millions]

Selected states	FY 98 Allotment	Unused FY 1998 Funds*	Percent unused
California	$855	$591	69
Texas	581	449	77
Arizona	117	78	67
Georgia	125	77	61
Washington	47	46	98